



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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JUDI E. THOMAS

October 17, 2011

TO: Supervisor Michael D. Antonovich, Mayor
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

FROM: Wendy L. Watanabe
Auditor-Controller

SUBJECT: **CITY OF PASADENA PUBLIC HEALTH DEPARTMENT - A
DEPARTMENT OF PUBLIC HEALTH HIV/AIDS CARE AND
PREVENTION SERVICE CONTRACT PROVIDER – FISCAL REVIEW**

We completed a fiscal review of the City of Pasadena Public Health Department (PPHD or Agency). The County Department of Public Health (DPH) Office of AIDS Programs and Policy (OAPP) contracts with PPHD for the Agency to provide HIV/AIDS outpatient medical services and HIV/AIDS counseling/testing prevention services. Our review covered a sample of transactions from June 2009 through June 2010.

The purpose of our review was to determine whether PPHD provided the services to eligible clients, and spent funds in accordance with their County contract. We also evaluated the Agency's accounting records, internal controls, and compliance with the contract and applicable guidelines.

At the time of our review, PPHD had one cost-reimbursement contract, and one fee-for-service contract with OAPP. OAPP paid PPHD approximately \$766,000 during Fiscal Year 2010-11. PPHD provides services to residents of the Fifth Supervisorial District.

Results of Review

PPHD provided services to individuals who met OAPP eligibility requirements and maintained the required personnel records. In addition, PPHD's Cost Allocation Plan was prepared in compliance with the County contract, and appropriately allocated

shared administrative costs. However, the Agency billed OAPP \$2,898 in unallowable costs. Specifically, PPHD:

- Billed OAPP \$1,926 more than the contract budget for ancillary services.

PPHD's attached response indicates that they will not bill in excess of the Program budget without an approved budget adjustment.

- Charged OAPP \$972 for laboratory tests that were from a prior contract term.

PPHD's attached response indicates that charges from prior contract terms will not be billed, and will be absorbed by PPHD.

Details of our review, along with recommendations for corrective action, are attached.

Review of Report

We discussed our report with PPHD and OAPP. In their response, PPHD indicates agreement with our findings and recommendations, and agrees to repay OAPP the \$2,898 in questioned costs.

We thank PPHD for their cooperation and assistance during our review. Please call me if you have any questions, or your staff may contact Don Chadwick at (213) 253-0301.

WLW:JLS:DC:AA

Attachment

c: William T Fujioka, Chief Executive Officer
Jonathan E. Fielding, M.D., M.P.H., Director, County Department of Public Health
Eric Walsh, M.D., Director, Pasadena Public Health Department
Public Information Office
Audit Committee

**CITY OF PASADENA PUBLIC HEALTH DEPARTMENT
HIV/AIDS CARE AND PREVENTION SERVICES
JUNE 2009 TO JUNE 2010**

ELIGIBILITY

Objective

Determine whether the City of Pasadena Public Health Department (PPHD or Agency), provided services to clients who met the Los Angeles County Department of Public Health's (DPH) Office of AIDS Programs and Policy (OAPP) Program eligibility requirements.

Verification

We reviewed the case files for 15 clients who received services from June 2009 to February 2010 for documentation of their eligibility for OAPP services.

Results

PPHD had adequate documentation to support the 15 clients' eligibility for OAPP services.

Recommendation

None.

CASH/REVENUE

Objective

Determine whether PPHD had adequate controls to ensure cash receipts and revenue were recorded in the Agency's financial records properly, and were deposited into the Agency's bank account timely.

Verification

We interviewed PPHD's personnel, and reviewed the Agency's financial records and June 2010 bank reconciliation.

Results

PPHD had adequate controls to ensure that revenue and cash were recorded properly, and deposited timely.

Recommendation

None.

COST ALLOCATION PLAN

Objective

Determine whether the Agency's Cost Allocation Plan was prepared in compliance with their County contract, and was used to allocate shared costs appropriately.

Verification

We reviewed PPHD's Cost Allocation Plan, and a sample of shared costs PPHD incurred from June 2009 through February 2010.

Results

PPHD's Cost Allocation Plan was prepared in compliance with the County contract, and the shared costs were allocated to the OAPP Program appropriately.

Recommendation

None.

EXPENDITURES

Objective

Determine whether expenditures charged to the OAPP Program were allowable under the County contract, properly documented, and accurately billed.

Verification

We interviewed PPHD personnel, and reviewed financial records for 23 non-payroll expenditures, totaling \$84,927, that the Agency charged to the OAPP Program from June 2009 through February 2010.

Results

PPHD charged OAPP \$2,898 in unallowable expenses. Specifically, PPHD charged OAPP:

- \$1,926 more than the contract budget for ancillary services.
- \$972 for laboratory tests that were from a prior contract term.

Recommendations

PPHD management:

1. Repay DPH \$2,898 (\$1,926 + \$972).
2. Ensure that only allowable expenses are charged to the OAPP Program.

FIXED ASSETS AND EQUIPMENT

Objective

Determine whether the PPHD's fixed assets and equipment purchased with OAPP Program funds were used for the Program and were safeguarded.

Verification

We interviewed Agency personnel, and reviewed the Agency's fixed assets and equipment listing for items purchased with OAPP Program funds. We also performed a physical inventory of three items.

Results

PPHD used the fixed assets and equipment purchased with County funds for the OAPP Program, and the assets were appropriately safeguarded.

PAYROLL AND PERSONNEL

Objective

Determine whether PPHD charged payroll expenditures to the OAPP Program appropriately. In addition, determine whether the Agency's personnel files were maintained as required.

Verification

We traced the payroll expenditures for four employees, totaling \$16,520, from January 2010 to the Agency's payroll records and time reports. We also interviewed staff and reviewed personnel files for four OAPP Program staff.

Results

PPHD appropriately charged payroll expenditures to the OAPP Program, and had personnel files as required by the County contract.

Recommendation

None.

COST REPORTS

Objective

Determine whether the Agency's Cost Reports reconciled to their accounting records.

Verification

We traced the Agency's Cost Reports to their accounting records for February 2010 and June 2010.

Results

PPHD's Cost Reports reconciled to their accounting records.

Recommendation

None.



PASADENA PUBLIC HEALTH DEPARTMENT
HIV/AIDS PROGRAMS AND SERVICES

August 24, 2011

Wendy L. Watanabe
Auditor-Controller
County of Los Angeles Department of Auditor-Controller
500 W. Temple Street, Room 525
Los Angeles, CA 90012

Dear Mrs. Watanabe,

RE: Plan of Corrective Action (POCA) for City of Pasadena- Department of Public Health
HIV/AIDS Preventive Care and Care Services Provider Fiscal Year 2010-2011

Enclosed please find the Plan of Corrective Action (POCA) for the City of Pasadena Public Health
Department HIV/AIDS Preventive Care and Care Services Provider in response to the fiscal
review conducted in April 2011.

If you have questions, please contact me at (626) 744-6158.

Sincerely,

Angelica Palmeros, MSW
Program Manager

Enclosures

cc: PPHD Administration
Clark Yung, COP Finance Department

1845 N. Fair Oaks Avenue, Ground Floor - Pasadena, CA 91103

Test and Screen (TAT)
626-744-6152

Education & Prevention
626-744-6158

CANCO (HIV/HI)
626-744-6178

Healthy Mind & Healthy Bodies (HMH)
626-744-6157

STD Community Intervention
626-744-6180

Antiretroviral Clinic
626-744-6188

Surveillance
626-744-6189



CITY OF PASADENA PUBLIC HEALTH DEPARTMENT
HIV/AIDS PROGRAMS AND SERVICES
FISCAL YEAR REVIEW 2010-2011

ELIGIBILITY

Objective

Determine whether the City of Pasadena Public Health Department (PPHD) provided services to client who met the Departments of Public health's (DPH) Office of AIDS Programs and Policy (OAPP) Program eligibility requirements.

Verification

We reviewed the case files for fifteen (15) clients who received services during June 2009 to February 2010 for documentation to confirm their eligibility for OAPP services.

Results

PPHD maintained adequate documentation to support the fifteen (15) clients' eligibility for OAPP services.

Recommendation

1. None

CASH/REVENUE

Objective

Determine whether the City of Pasadena-Public Health Department (PPHD) had adequate controls to ensure cash receipts and revenue were recorded in the Agency's financial records and were deposited in their bank account timely.

Verification

We interviewed PPHD's personnel and reviewed the Agency's financial records and June 2010 bank reconciliation.



CITY OF PASADENA PUBLIC HEALTH DEPARTMENT
HIV/AIDS PROGRAMS AND SERVICES
FISCAL YEAR REVIEW 2010-2011

Results

PPHD had adequate controls to ensure that revenue and case were recorded properly and deposited timely.

Recommendation

1. None

COST ALLOCATION PLAN

Objective

Determine whether the Agency's City of Pasadena Public Health Department (PPHD) had adequate controls to ensure cash receipts and revenue were recorded in the Agency's financial records and were deposited in their bank account timely.

Verification

We interviewed PPHD's personnel and reviewed the Agency's financial records and June 2010 bank reconciliation.

Results

PPHD had adequate controls to ensure that revenue and case were recorded properly and deposited timely.

Recommendation

2. None

EXPENDITURES

Objective

Determine whether Program-related expenditures were allowable under the County Contract, properly documented and accurately billed.



CITY OF PASADENA PUBLIC HEALTH DEPARTMENT
HIV/AIDS PROGRAMS AND SERVICES
FISCAL YEAR REVIEW 2010-2011

Verification

We interviewed PPHD's personnel and reviewed financial records and documentation to support 23 non-payroll expenditures totaling \$84,927 that the Agency charged OAPP from June 2009 through February 2010.

Results

PPHD charged OAPP \$2,898 in unallowable expenditures. Specifically, PPHD:

- Overbilled OAPP \$1,926 for ancillary services that exceeded the contract's budgeted amount.
- Inappropriately charged \$972 for laboratory related to a prior contract term.

Recommendation

PPHD Management:

1. Repay OPH \$2,898 (\$1,926 + \$972).
2. Ensure that only allowable expenditures are charged to OAPP Program.

POCA Response

The Agency agrees with the finding and will develop a mechanism to ensure that invoices and/or program charges will be appropriately billed to OAPP Program. The agency will conduct an internal audit of all non-payroll items prior to unrestricted budget modifications due for review and approval by OAPP, to ensure that accrued expenses and/or charges will meet the approved budget. Prior to billing items that exceed approved budget, agency will hold until OAPP approved budget modification. For charges that are considered prior contract term, will not be billed and will be absorbed by the agency, and/or will be submitted for approval during year-end cost report to ensure accuracy. Finance records will be kept up-to-date with all approved OAPP budget modifications.



CITY OF PASADENA PUBLIC HEALTH DEPARTMENT
HIV/AIDS PROGRAMS AND SERVICES
FISCAL YEAR REVIEW 2010-2011

FIXED ASSETS AND EQUIPMENT

Objective

Determine whether the City of Pasadena Public Health Department (PPHD) fixed assets and equipment purchased with OAPP Program funds were used for the Program and were safeguarded.

Verification

We interviewed PPHD's personnel and reviewed the Agency's fixed assets and equipment listing for items purchased with OAPP Program funds. We also performed a physical inventory for three items.

Results

PPHD appropriately purchased fixed assets and equipment for the OAPP Program.

Recommendation

3. None

PAYROLL AND PERSONNEL

Objective

Determine whether the City of Pasadena Public Health Department (PPHD) charged payroll expenditures to the OAPP Program appropriately. In addition, determine whether the agency's personnel files were maintained as required.

Verification

We traced the payroll expenditures for four employees totaling \$16,520 for January 2010 to the agency's payroll records and time reports. We also interviewed staff and reviewed four personnel files for OAPP program staff.

Results

PPHD appropriately charged payroll expenditures to the OAPP Program and maintained personnel files as required by the county contract.



CITY OF PASADENA PUBLIC HEALTH DEPARTMENT
HIV/AIDS PROGRAMS AND SERVICES
FISCAL YEAR REVIEW 2010-2011

Recommendation

4. None

COST REPORTS

Objective

Determine whether the Agency's Cost Reports reconciled to their account records.

Verification

We traced the Agency's Cost Reports to their accounting records for February 2010 and June 2010.

Results

PPHD's Cost Reports reconciled to their accounting records.

Recommendation

5. None